

Health Policy Commission

Advisory Council Meeting

September 25, 2013



Agenda

- Executive Director Report
- Update on Annual Cost Trends Hearing
- Discussion of Community Hospital Investment Program (CHART) and Other HPC Activities
- General Discussion
- Schedule of Next Council Meeting

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- **Executive Director Report**

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HPC Milestones

The first meeting of the Health Policy Commission was held on November 17, 2012. Since then, the HPC has moved quickly to meet its statutory requirements:

Public Meetings

- Held 8 commission meetings, with 3 more scheduled for 2013. Divided the commission into four policy committees.
- Held 26 committee meetings, with at least 4 more scheduled for 2013.
- Held 2 advisory council meetings, with 2 more scheduled for 2013.
- Generated significant public attendance at all meetings.

Agency Operations

- Appointed an executive director to supervise the policy affairs, general management, and operations of the HPC. Hired key policy, legal, administrative, and finance staff.
- Established an office location at Two Boylston Street, 6th Floor, Boston.
- Designated an advisory council.

Chapter 224 Implementation

- Established the health care cost growth benchmark for calendar years 2013 and 2014 (3.6%).
- Published a report on consumer-driven health plans in March, 2013.
- Held three listening sessions on the program to register provider organizations.
- Issued guidance on the prohibition of mandatory nurse overtime.
- Transferred the Office of Patient Protection from DPH in April, 2013.
- Administered the first year's collection (\$72M) of a one-time \$225M industry assessment.
- Began receiving and reviewing providers' notices of material change. Initiated cost and market impact review of Partners-South Shore Hospital in June, 2013.
- Initiated first analysis of the all-payer claims database to inform cost trends work.
- Scheduled and planned the HPC's first annual hearing on health care cost trends.

Key Upcoming Activities

- Issue annual cost trends report by December 30, 2013.
- Issue cost and market impact review report on Partners-South Shore Hospital.
- Issue regulations on the registration of provider organizations.
- Finalize program design and evaluation plan for phased implementation of PCMH certification.
- Develop program for certification of accountable care organizations.
- Develop innovation investment program.
- Support DPH statewide health resource planning efforts.
- Revise Office of Patient Protection regulations consistent with ACA.
- Release second report on consumer-driven health plans.

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Health Care Cost Trends Hearing Agenda

Day One

10/1

9:00 – 10:00AM Welcome and opening remarks from Governor Deval Patrick

10:00 – 10:45AM CHIA staff presentation

10:45 – 11:00AM *Break*

Theme: Meeting the Benchmark: Achieving Sustainable Health Care Cost Growth in MA

11:00 – 11:30AM HPC staff presentation

11:30 – 1:00PM **Witness Panel**

Berkshire Health Systems, Lawrence General Hospital, New England Quality Care Alliance, Partners HealthCare System, Tufts Health Plan/Network Health, UMass Memorial Health Care

1:00 – 2:00PM *Lunch Break*

Theme: Transforming the Delivery System: Promoting Accountable, High Quality Care

2:00 – 2:30PM **Expert Presentation** (Dr. Karen Feinstein)

2:30 – 4:00PM **Witness Panel**

Atrius Health, Blue Cross Blue Shield of Massachusetts, Edward M. Kennedy Community Health Center, Mercy Medical Center/ Sisters of Providence Health System, Boston Medical Center

4:00 – 4:30PM **Public Testimony**

4:30 – 5:00PM **Closing Remarks**

Day Two

10/2

9:00 – 10:00AM Welcome and opening remarks from Attorney General Martha Coakley

10:00 – 10:45AM AGO staff presentation

10:45 – 11:00AM *Break*

Theme: Evaluating Market Structure: Measuring Impact on Cost, Quality, and Access

11:00 – 11:30AM **Expert Presentation** (Dr. Paul Ginsburg)

11:30 – 1:00PM **Witness Panel**

Acton Medical Associates, Harvard Pilgrim Health Plan, Lahey Health, Signature Healthcare Brockton, Steward Healthcare

1:00 – 2:00PM *Lunch Break*

Theme: Empowering Purchasers: Advancing Transparency, Information, and Incentives

2:00 – 2:30PM **Expert Presentation** (Dr. Suzanne Delbanco)

2:30 – 4:00PM **Witness Panel**

Fallon Community Health Plan, Group Insurance Commission, Health Care for All, Massachusetts Association of Health Underwriters, Cummings Properties

4:00 – 4:30PM **Public Testimony**

4:30 – 5:00PM **Closing Remarks**

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HPC CHART Investments

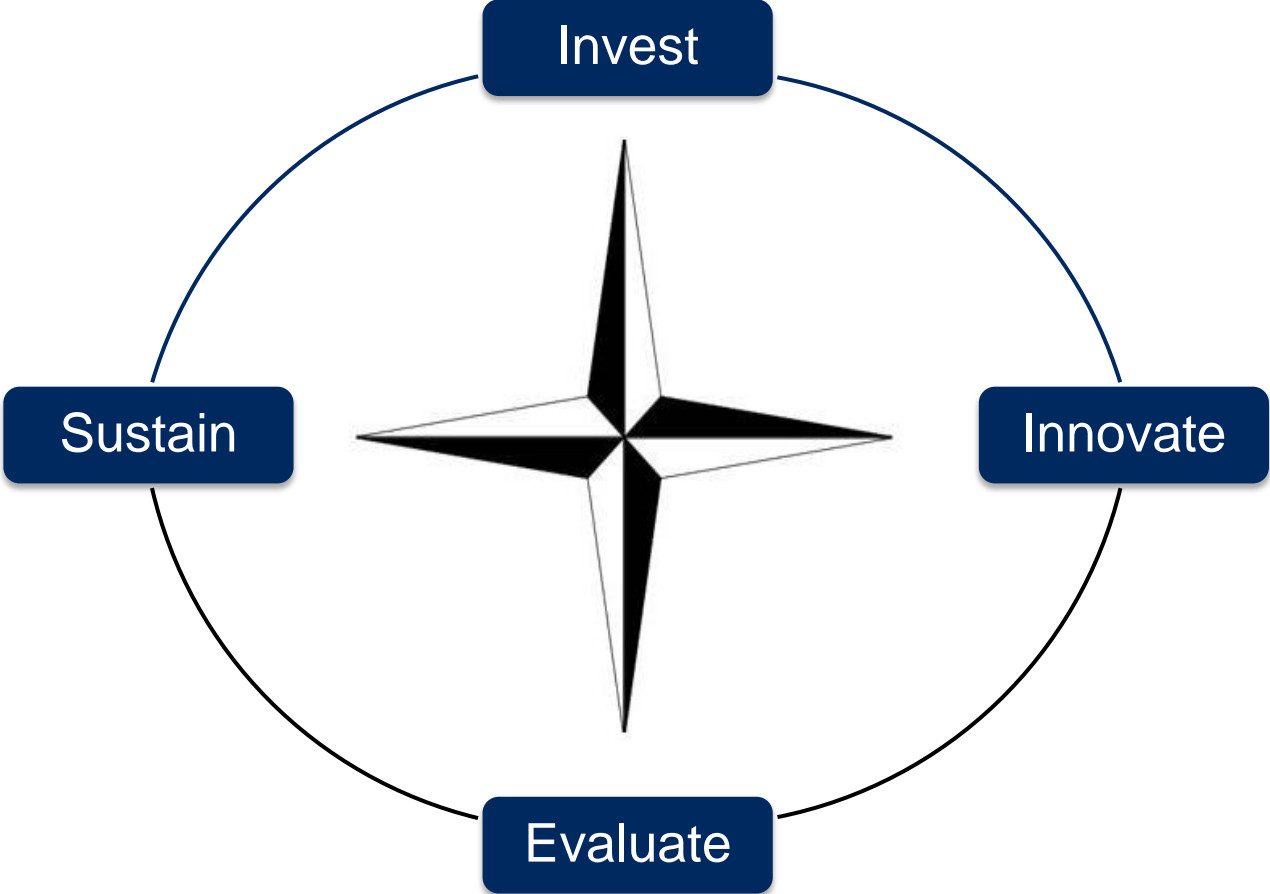


CHART: Community Hospital Acceleration, Revitalization, and Transformation

Overview of CHART Investments	Primary Goals
<ul style="list-style-type: none">▪ Funded by the one-time assessment on payers and select providers▪ Total amount of \$119.08 million<ul style="list-style-type: none">— \$128.25M, less \$9.17M provided in mitigation to qualifying acute hospitals▪ Unexpended funds may to be rolled-over to following year and do not revert to General Fund▪ Competitive proposal process to receive funds▪ Strict eligibility criteria: ~25-30 eligible community hospitals<ul style="list-style-type: none">— Non-teaching, non-profit, low relative price	<ul style="list-style-type: none">▪ Promote efficient, effective, integrated care delivery▪ Improve quality and patient safety while reducing costs▪ Develop capacity to become an Accountable Care Organization▪ Advance adoption of health information technology and the electronic exchange of information between providers▪ Increase capacity to bear risk and adopt alternative payment methodologies

Achieve sustainable, scalable interventions that benefit communities

CHART: Proposed Framework for Year 1 Investments (1 of 2)

Goals and Considerations of Phased Investment Approach

- Reflects **learning from many stakeholders**, including:
 - market participants
 - local and national content experts
 - **diverse array of investors** (private sector grant making/investment entities, other states and federal government, payers, etc.)
- Provide rapid investment to community hospitals with **identified needs**
- IT focused – prioritize acquisition or implementation of **simple tools** that improve **quality, safety, coordination, and communication**
- Early investment in **foundations for change**
- **Low-risk, moderate return** investments
- Allows for **ongoing development of a rigorous**, evidence-driven investment **strategy** for downstream opportunities
- Allows for continued development of HPC **staff capacity** to support investment program implementation

Proposed Framework for Year 1 Investments (2 of 2)

Phase 1: Fall 2013 – Foundational Activities to Prime System Transformation

- Modest investment with many eligible hospitals receiving funds
- Short term, high-need expenditures
- \$~10M funding pool:
 - Awards of ~\$250-\$500K stratified by demonstrated financial need, capacity, capability, and potential impact
 - Focused on infrastructure investments to facilitate downstream delivery system transformation
 - Limited funding (e.g. ~\$35K cap) for planning activities to provide staff capacity to minimize competitive advantages in downstream funding opportunities

Phase 2: Spring 2014 – Driving System Transformation

- Deeper investment in limited set of hospitals – competitive application process
- Multi-year, system or service line transformations in Commission-identified areas of focus
- ~\$50+M funding pool:
 - Awards of varying size, stratified by demonstrated financial need, capacity, capability, and potential impact
 - Focused on system, population segment or service line transformations (e.g. reduction of ED boarding)
 - Varied potential funding and contractual models

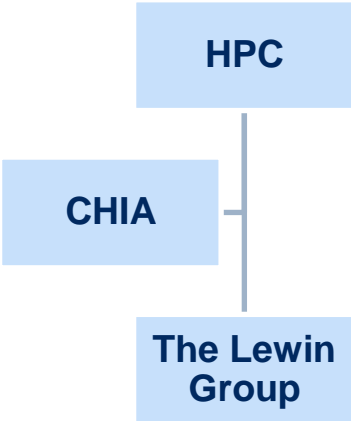
Ongoing program development

Overview of APCD Cost Trends Project

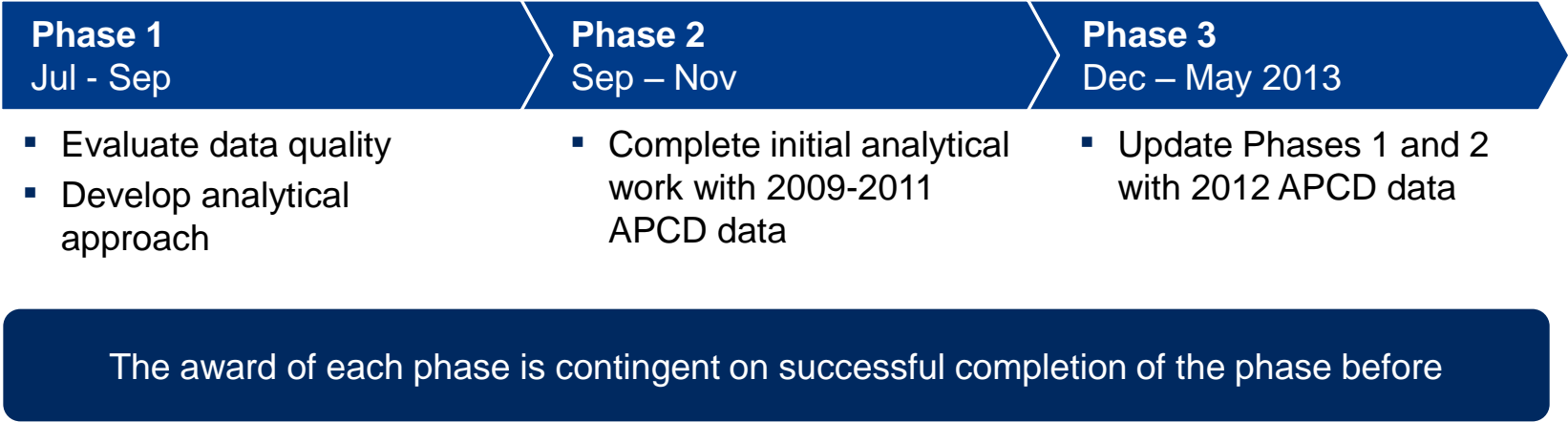
Objectives

- Obtain analytic support in examining trends in health care costs sourced from Commonwealth’s all-payer claims database (APCD)
 - Produce analyses that directly support HPC’s annual cost trends report
 - Build a foundation for more extensive work in future years
 - Collaborate with CHIA to enhance value of APCD for all stakeholders

Partners



Phases of contract



Phase I is Well Underway

- CHIA has delivered commercial, Medicare, and MassHealth data to Lewin
- Lewin is assessing data, focusing on validity for cost trends analysis
 - HPC and Lewin are refining the analytic approach
- Phase II will be awarded pending successful completion of Phase I

Registered Provider Organizations (RPO): Three Key Aims

1

RPO **enhances transparency** of the health care marketplace in the Commonwealth by gathering information on the **composition, structure and relationships** among and within Massachusetts health care providers.

2

RPO **maps the provider delivery system**, including clinical affiliations, capacity, and market share, and monitors changes over time.

3

RPO creates a **centralized resource** for the HPC and other stakeholders by compiling information about the provider market. RPO supports such functions as health resource planning, determination of need, cost and market impact reviews, evaluation of health care cost trends, health system investments, and certification programs.

RPO: What does the HPC process look like?

Who must register?

- Any provider¹ or provider organization² that is a **risk-bearing provider organization** (as defined by DOI), and
- Any provider or provider organization
 - with a patient panel greater than **15,000** and
 - which represents providers who collectively receive **\$25,000,000** or more in annual net patient service revenue from carriers or third-party administrators

1 “Provider” is any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the commonwealth to perform or provide health care services

2 “Provider organization” is any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents 1 or more health care providers in contracting with carriers for the payments of health care services; provided, that “provider organization” shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, provider networks, accountable care organizations and any other organization that contracts with carriers for payment for health care services

RPO: Reporting Requirements

Statutory mandates (HPC)

- Organizational charts showing the ownership, governance and operational structure of the provider organization, including any clinical affiliations, parent entities, corporate affiliates, and community advisory boards
- Number of affiliated health care professional full-time equivalents and the number of professionals affiliated with or employed by the organization
- Name and address of licensed facilities
- **Such other information as HPC considers appropriate**

Statutory mandates (CHIA)

- Comprehensive financial statement
- Information on stop-loss insurance and any non-fee-for-service payment arrangements
- Information on clinical quality, care coordination and patient referral practices
- Information regarding expenditures and funding sources for payroll, teaching, research, advertising, taxes or payments-in-lieu-of-taxes and other non-clinical functions
- Information regarding charitable care and community benefit programs
- For risk-bearing provider organizations, a certificate from the division of insurance under chapter 176U
- **Such other information as CHIA considers appropriate**

PCMH Certification Program: Statutory Responsibilities

The HPC is charged, in consultation with MassHealth, with developing and implementing standards of certification for patient-centered medical homes in the Commonwealth. The purpose of the certification process is to establish best practices and to encourage the adoption of innovative care delivery models that improve primary care, enhance care coordination, and reduce cost growth.

Certification Process

The HPC, in consultation with stakeholders and in consideration of existing national standards, will develop criteria for voluntary certification of patient centered medical homes in the Commonwealth. To support this program the HPC must also develop:

- A model payment system for payers to adopt that supports patient-centered care;
- A training program for providers to learn the best practices of the patient-centered medical home model.
- A directory of key existing referral systems and resources that can assist patients in obtaining housing, food, transportation, child care, elder services, long-term care services, peer services and other community-based services;

Overview of Cost and Market Impact Reviews

Cost and market impact reviews (CMIRs) can be initiated when...

1. ...a material change "...is likely to result in a significant impact on the commonwealth's ability to meet the health care cost growth benchmark, established in section 9, or on the competitive market."
2. ...a provider is identified by CHIA as having excessive growth relative to the benchmark

What it is

- Comprehensive and multi-factor review of the provider organization and its proposed change
- Following a preliminary report and opportunity for the provider to respond, HPC issues a final public report summarizing its findings
- Potential referral to the Attorney General's Office
- Proposed change cannot be completed until 30 days after the Commission issues its final report

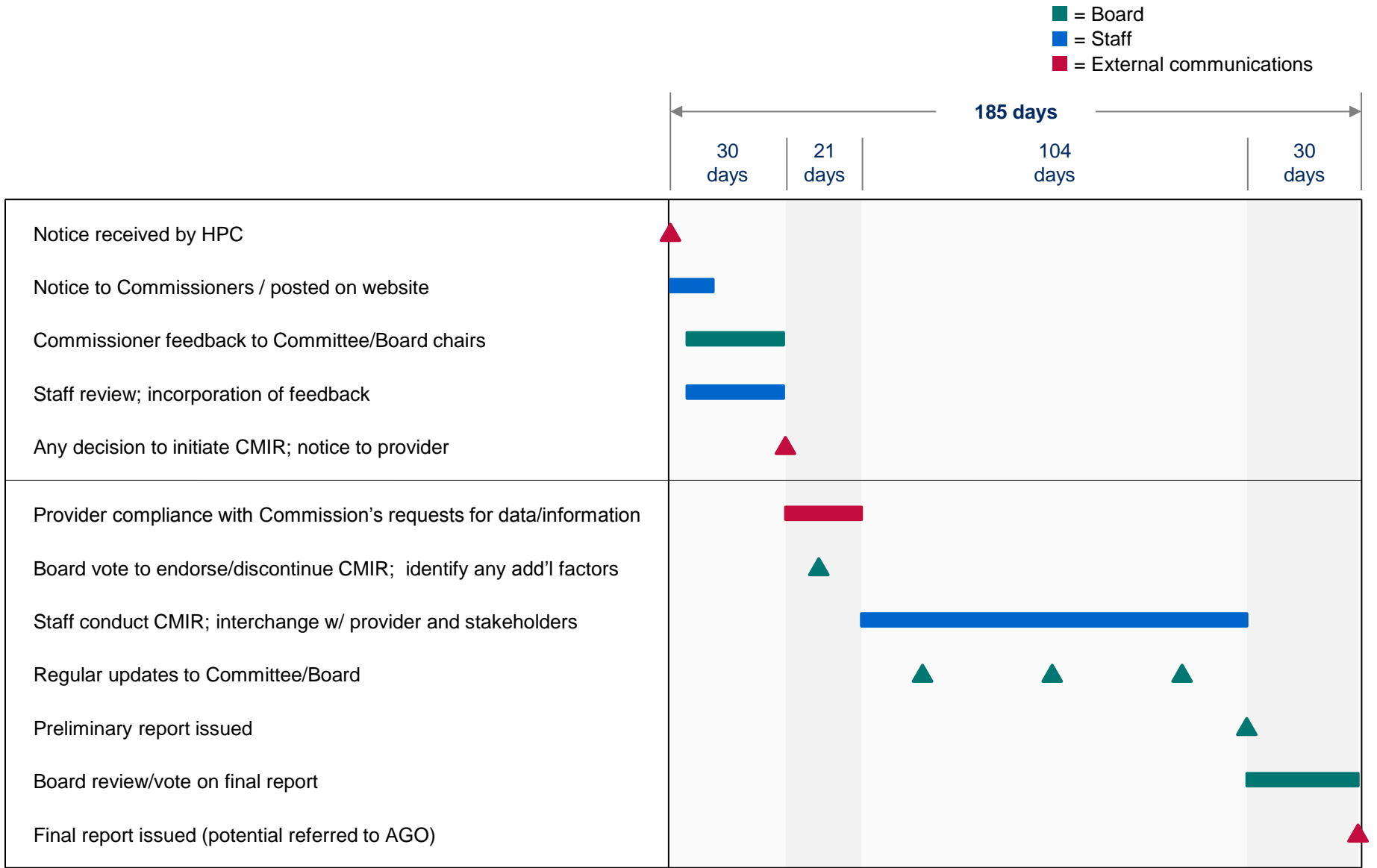
What it is not

- Differs from Determination of Need reviews by Department of Public Health
- Differs from antitrust or other law enforcement review by state or federal agencies

Notices received and reviews initiated (2013 YTD)

- 12 notices of material change received
 - 11 elected not to proceed to cost and market impact review
 - 1 review initiated

New Timeline for Completion of Cost and Market Impact Reviews



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Schedule of Next Meeting

HPC Advisory Council Meetings

When: Tuesday, December 10, 2013 from 12:00pm – 2:00pm

Where: Location To Be Announced

Contact Information

For more information about the Health Policy Commission:

- Visit us: <http://www.mass.gov/hpc>
- Follow us: @Mass_HPC
- E-mail us: HPC-Info@state.ma.us